



Joint Press Release

6 April 2018

/for immediate release

SA and EU join forces to drive SMME development

*The Department of Small Business Development and the European Union Delegation to South Africa are proud to announce the joint launch of the **Employment Promotion through SMME's Support Programme**. A vibrant small business sector is widely recognised as a catalyst for economic growth and job creation, and the partners expect this initiative to contribute significantly in strengthening small, micro and medium sized enterprises.*

Speaking at the launch, Minister for Small Business Development, Ms Lindiwe Zulu said: "We have a responsibility, not only to strengthen this partnership for the benefit of SMME's and co-operatives, but also to ensure that we continuously improve our support interventions for SMME's and co-operatives". She said that the South African government continues to seek appropriate interventions to strengthen the small business sector as a catalyst for economic growth and job creation. "My department will ensure that this programme deliberately targets enterprises in the townships and rural areas, and those owned by women, youths and people with disability".

European Commissioner for Development Neven Mimica said: "Through this programme we seek to contribute towards South Africa's goal of inclusive economic growth and employment creation through SMME development". He added: "Based on our own experience, with SMMEs representing 99% of all businesses in the European Union, we are encouraged by the fact that SMME development has been placed very high on government's development agenda".

It is expected that the Programme will contribute to reducing official unemployment from around 26% in 2016 to 14% by 2020. This would be done by reducing the cost of doing business, notably for SMMEs and by enhancing their business, marketing and production skills. The Programme will focus its support to SMMEs on sectors identified in the New Growth Path and Industrial Policy Action Plan.

More specifically, the Programme aims to achieve specific objectives/outcomes in three key areas:

- To improve the competitiveness of small, micro and medium enterprises and their ability to meet procurement requirements of large multinational local corporations, government and state-owned enterprises;
- To improve access to finance for SMMEs with limited/no access to finance (the unbanked);
- To improve the regulatory and administrative environment for SMMEs (red tape reduction).

A Programme Steering Committee has been established comprising of government, the private sector, the EU and cooperating partners to provide strategic guidance and oversight of the implementation of the Programme.

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Additional information

The Employment Promotion through SMME's Support Programme is a R762 mil (€52 mil) EU commitment over five years. It comprises R557 mil (€38 mil) sector budget support and a R205 mil (€14 mil) envelope for technical assistance directed at SMMEs.

In line with the 2008 Accra Agenda for Action, the decision for budget support is in line with the EU commitment to implement its support through existing country systems.

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